

## 4.1 ASSET MANAGEMENT POLICY (LD:CLP)

Responsible Director: Ossie Martinz

### ***EXECUTIVE SUMMARY***

This report is presented to Council to gain approval of the update of the Asset Management Policy. This Asset Management Policy (refer to the attachment) supersedes the previous version approved by Council on 26 August 2014. The Policy is to be reviewed after each general election. The next review of this policy will be in 2020.

### ***PURPOSE***

An Asset Management Policy provides the guiding principles for long-term sustainable management of Council's asset portfolio. The Policy is applicable to all Council owned assets and all Council-managed assets that:

- support the delivery of services provided for the benefit of the Monash community; or
- are held by Council for future use.

The Policy guides Council and its officers in the creation, operation maintenance, upgrade, renewal and rationalisation of Council assets required for the delivery of Council Services.

### ***KEY CONSIDERATIONS/ISSUES***

Failure to comply with this Policy is likely to result in increased risk of:

- Poorly coordinated service and asset management practices;
- Decisions based on unreliable asset data;
- Under and/or over investment in some assets;
- Unsafe infrastructure;
- Infrastructure that is not fit for purpose;
- Assets with excessive on-going operational costs;
- Excess assets;
- Underinsured assets;
- Service disruption;
- An increase in the renewal gap; and
- Reduced grant funding from the Federal Government due to a lack of compliance with the National Financial and Asset Management Framework.

### ***FINANCIAL IMPLICATIONS***

Council's Asset Management Policy does not have any direct financial implications; it is the Asset Management Strategy, Asset Management Plans and the Capital Works Program that administer the financial elements. However, these documents adhere to this Policy, which provides the guiding principles for sustainable management of Council's asset portfolio.

Taking a lifecycle approach, the Policy assists the development of cost-effective management strategies so that an asset can deliver the desired service level over its life.

***CONCLUSION/RECOMMENDATION***

This report recommends that Council approve and adopt this Asset Management Policy.

## 4.1 ASSET MANAGEMENT POLICY

(LD: File No.)

Responsible Director: Ossie Martinz

### **RECOMMENDATION**

*That Council adopts the revised Asset Management Policy.*

### **INTRODUCTION**

This report is presented to Council to gain approval of the update of the Asset Management Policy. This Asset Management Policy (refer to the attachment) supersedes the previous version approved by Council on 26th August 2014. The Policy is to be reviewed after each general election. **The policy will be reviewed in 2020 and will expire in November 2020.**

### **BACKGROUND**

Council is custodian of approximately \$3.0 billion of assets comprising land, 306 buildings, 757km roads, 1,602km of foot and shared paths, 1,270km of drainage pipe, 44,383 drainage pits, 133 public playgrounds, 55 bridges and culverts, 238 registered fleet, art, library books and other infrastructure which has been built up progressively over many years. This Policy provides guiding principles for sustainable management of Council's asset portfolio. The Policy meets the National Asset Management Assessment Framework (core and advanced maturity) and financial requirements.

Reasons for ensuring that best practices are applied to Council infrastructure include:

- Infrastructure networks provide the platform for economical and social development;
- Infrastructure and property assets increasingly meet recreational and other needs of the community;
- Good quality infrastructure is the cornerstone of public health and safety;
- Good quality infrastructure mitigates potential adverse environmental impacts of society;
- Asset management practices advance the sustainability of infrastructure services.

### **DISCUSSION**

Council's Asset Management Vision states that Council "aims to provide assets that support the provision of best value services. Council assets will be accessible, safe and suitable for community use. The approach to asset management will balance competing social, environmental and economic needs for the benefit of current and future generations."

The key elements of best practice asset management are:

- taking a life cycle approach;
- developing cost-effective management strategies for the long-term;
- provide a defined level of service and monitoring performance;
- understanding and meeting the impact of growth through demand management and infrastructure investment;
- managing risks associated with asset failure;
- sustainable use of physical resources; and

- continuous improvement in asset management practices.

A sound Asset Management Policy provides benefits related to accountability, risk management, service management and financial efficiency. It results in:

- Improved governance and accountability;
- Enhanced service management and customer satisfaction;
- Improved risk management;
- Improved financial efficiency; and
- More sustainable decisions.

A formal approach to the management of assets is essential in order to provide services in the most cost-effective manner, and to demonstrate this to customers and other stakeholders.

The main changes to the policy are highlighted in the table below:

<b>Policy Sub Heading</b>	<b>Change from previous version</b>
Purpose	Added 'to support services that will meet current ...'
Scope	Updated asset figures
AM Principles	Changed wording to Principles 1, 2, 3, 4, 6, 7, 8, & 9 Added an addition principle (10) - Processes and Practices impacting efficiency of managing assets will continually be evaluated and addressed through continuous improvement process
AM Framework	Simplified framework document Updated Council plan principles, strategic objectives and removed reference to Council mission and vision
Implementation of this Policy	Added the reporting framework.
Reference	Add References

### ***POLICY IMPLICATIONS***

Implementation of this Policy requires implementation of a broad range of asset management improvement actions including the development and adoption of revised Service Plans and Asset Management Plans.

Failure to comply with this Policy is likely to result in increased risk of:

- Poorly coordinated service and asset management practices;
- Decisions based on unreliable asset data;
- Under and/or over investment in some assets;
- Unsafe infrastructure;
- Infrastructure that is not fit for purpose;
- Assets with excessive on-going operational costs;
- Excess assets;
- Underinsured assets;
- Service disruption;
- An increase in the renewal gap; and
- Reduced grant funding from the Federal Government due to a lack of compliance with the National Financial and Asset Management Framework.

***SOCIAL IMPLICATIONS***

Council assets enable delivery of Council services. The quality of Council assets impact on the community's perception of the quality of services provide by Council. For example, well managed community halls and leisure facilities provide a focal point for social interaction and therefore contribute to improved community health and well-being. In contrast, poorly managed assets become under-utilised and therefore provide minimal social benefits.

Compliance with the asset management policy will lead to better asset management practices which will in turn lead to better services provision to the community.

***HUMAN RIGHTS CONSIDERATIONS***

Implementation of this policy will improve the quality of Council's assets including improvements to freedom of movement and disability access.

***CONSULTATION***

Council officers responsible for the policy have been consulted and the policy has also been reviewed by Council's Executive Leadership Team and the Asset Management Steering Group, comprising of key Directors and Managers from across the organisation, who are directly involved in the Asset Management lifecycle.

***FINANCIAL IMPLICATIONS***

Council's Asset Management Policy does not have any direct financial implications; it is the Asset Management Strategy, Asset Management Plans and the Capital Works Program that administer the financial elements. However, these documents adhere to this Policy, which provides the guiding principles for sustainable management of Council's asset portfolio.

Taking a lifecycle approach, the Policy assists the development of cost-effective management strategies so that an asset can deliver the desired service level over its life.

***CONCLUSION***

This Policy has been written to guide the future management of all Council assets to meet community needs within financial and other practical constraints.

Adoption and implementation of the Policy should ensure that Council assets are well managed throughout their lifecycle and that Council's exposure to risk in regard to asset failures, damage and loss will be reduced.